



When A Rate Case Is Filed

A Publication Of The Missouri Public Service Commission

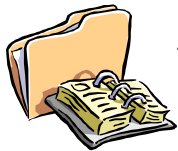
Before a regulated electric or natural gas utility can change a rate or service, it must first file that request with the Missouri Public Service Commission. For telecommunications providers, state and federal laws have had an impact on how they are regulated.

Some companies have greater pricing flexibility than other telecommunications companies and do not have to file a traditional rate case with the commission to adjust rates either up or down. Special rules apply for water and sewer companies with less than 8,000 customers in Missouri. They can pursue changes in rates without the necessity of filing a formal rate case (called an informal rate case). Water and sewer companies with over 8,000 customers are subject to filing a traditional rate case.

Under the traditional (formal) rate case filing, the company must provide a clear statement of what it is requesting, the effect the proposed change will have on company revenue, and the reasons for the change.

The PSC does not regulate the rates of municipal electric, gas, or water and sewer systems, rural electric cooperatives, public water supply districts or public sewer districts, wireless telephones or cable television.

The Case Is Filed



When a regulated Missouri utility files for a rate increase, the commission will set a procedural schedule, including hearing dates, for the case. By law, the commission has 11 months from the date the case is filed to make a decision on the proposal.

Because the issues are complex, the commission will suspend the proposed rates to allow for a thorough investigation. Existing rates remain in effect during the suspension period. Typically, the commission determines that the proposal is justified only in part, and, it may allow the company to increase rates less than the utility requested. The commission may also allow a rate change to take effect on an interim basis, subject to refund. The commission also hears rate decrease cases where it may consider lowering rates.

Company Review

Prior to any hearings, the PSC staff will conduct an independent on-site, thorough investigation of the company's books and records. This permits the staff to provide the commission with a recommendation in the case.

Other parties, such as the Office of Public Counsel, consumer groups, or industrial customers may also submit recommendations as to what type of rate change, if any, should be granted. Parties in a rate case meet in a pre-hearing conference to discuss issues in the case. This procedure may help parties reach agreements which settle all or some issues in the case. This frequently results in cases being concluded sooner than the 11-month time period provided by law. The commission must approve any proposed settlement to ensure that the agreement is a reasonable resolution of the case and in the public interest.



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The Hearing Process



Formal evidentiary hearings are held. Testimony is prepared, exhibits are marked, and a court reporter records all proceedings and live testimony. Testimony must address the issues in the case. The utility company will have an attorney and expert witnesses present to testify and answer questions.

In most cases, the utility, the PSC staff, Public Counsel and any intervenors will present testimony in writing, followed by cross-examination. In some cases, the commission will hold a local public hearing, to give the public an opportunity to express their opinions. Local public hearings are generally held in communities affected by the proposal.

The Decision



After the hearings are complete, a transcript of the case is prepared and parties file briefs. Commissioners review that record in making their decision.

The commission will only authorize rate increases that are fair and reasonable to customers. The company must be allowed the opportunity to make enough money to meet reasonable expenses, pay interest on debts, and provide a reasonable return to stockholders.

Once a decision has been reached, the commission will announce that decision through a written report and order. That order is subject to appeal to a court by any of the participants in the case, except the Public Service Commission staff.

For more information

Created in 1913, the Missouri Public Service Commission (PSC) regulates investor-owned telecommunications, water and sewer, natural gas, electric and steam utilities. The PSC works to ensure that Missouri citizens receive safe, reliable and reasonably priced utility services. If you have an inquiry, billing question or service-related problem that your utility provider cannot answer, please call the PSC at 1-800-392-4211 or visit our website at www.psc.mo.gov